

RETURN

(29a)

MINUTES of the proceedings in Conference between members of the Government of Canada and of the various Provincial Governments, assembled at Ottawa, October, 1906.

CONFERENCE CHAMBER,

HOUSES OF PARLIAMENT,

OTTAWA, October 8, 1906.

In response to an invitation addressed by the Right Hon. Sir Wilfrid Laurier, G.C.M.G., to the several Provincial Premiers throughout the Dominion, which invitation was couched in these terms:—

OTTAWA, September 10, 1906.

SIR,—In accordance with the request of the Provincial Governments for a conference with the Dominion Government to discuss the financial subsidies to the provinces, I beg to inform you that such a conference will take place at the city of Ottawa on Monday, the 8th of October next, at eleven a.m., which you are invited to attend.

Your obedient servant,

WILFRID LAURIER.

the following gentlemen assembled at the Conference Chamber in the Parliament Buildings at Ottawa, on Monday, the 8th day of October, 1906, at the hour of 11 o'clock in the forenoon:—

FROM THE PROVINCE OF ONTARIO:

Hon. J. P. WHITNEY, Premier.

Hon. J. J. FOY, K.C., Attorney General.

Hon. A. J. MATHESON, Provincial Treasurer.

FROM THE PROVINCE OF QUEBEC:

Hon. LOMER GOUIN, K.C., Premier and Attorney General.

Hon. W. A. WEIR, Minister of Public Works.

FROM THE PROVINCE OF NEW BRUNSWICK:

Hon. L. J. TWEEDIE, Premier and Provincial Secretary.

Hon. WILLIAM PUGSLEY, K.C., Attorney General.

FROM THE PROVINCE OF PRINCE EDWARD ISLAND:

Hon. ARTHUR PETERS, K.C., Premier and Attorney General.

Hon. G. E. HUGHES.

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FROM THE PROVINCE OF MANITOBA:

Hon. R. P. ROBLIN, Premier, Minister of Railways and Minister of Agriculture.

Hon. C. H. CAMPBELL, K.C., Attorney General.

FROM THE PROVINCE OF BRITISH COLUMBIA:

Hon. RICHARD MCBRIDE, Premier and Minister of Mines.

FROM THE PROVINCE OF SASKATCHEWAN:

Hon. WALTER SCOTT, Premier.

Hon. J. A. CALDER, Commissioner of Education.

FROM THE PROVINCE OF ALBERTA:

Hon. A. C. RUTHERFORD, Premier.

Hon. C. W. CROSS, K.C., Attorney General.

The above named gentlemen were received on behalf of the Government of Canada by—

The Right Hon. Sir WILFRID LAURIER, G.C.M.G., First Minister.

The Hon. W. S. FIELDING, Minister of Finance.

The Hon. A. B. AYLESWORTH, K.C., Minister of Justice.

The Hon. RODOLPHE LEMIEUX, K.C., Postmaster General.

It was moved by the Hon. Mr. Whitney, seconded by the Hon. Mr. Roblin, that the Hon. Lomer Gouin be chairman of the Joint Conference.

Hon. Mr. Gouin accordingly took the chair.

The Right Hon. Sir Wilfrid Laurier expressed the pleasure of himself and his Ministers at meeting the Provincial Premiers and their colleagues, and said that his government would be ready to discuss with them whatever proposals they might, after conference among themselves, agree in submitting.

Hon. Mr. Gouin returned thanks for the honour done him in electing him to the chairmanship of the Joint Conference, and expressed, on behalf of himself and colleagues, his appreciation of the welcome accorded to them by Sir Wilfrid Laurier.

Hon. Messrs. Roblin, Whitney, Tweedie, Rutherford, Peters, McBride and Scott followed to the same effect.

After some preliminary discussion, the Joint Conference adjourned 12.30 p.m. until 11 o'clock to-morrow morning.

CHARLES LANCTOT,
JOSEPH POPE,

Joint Secretaries.

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CONFERENCE CHAMBER,
OTTAWA, October 10, 1906.

The Chairman of the Joint Conference took the chair at 11 o'clock, when all the members present at the meeting on the 8th instant were convened, and in addition thereto, as representing the Province of Nova Scotia, the Hon. G. H. Murray, Premier and Provincial Secretary, and the Hon. Arthur Drysdale, Attorney General; also the Hon. Adélard Turgeon, C.M.G., Minister of Lands and Forests in the Provincial Government of the Province of Quebec.

The Right Hon. Sir Wilfrid Laurier proposed that Mr. Charles Lanctot, K.C., and Mr. J. Pope, C.M.G., Under Secretary of State, be appointed secretaries of the Joint Conference, which was agreed to.

The Chairman handed to Sir Wilfrid Laurier certain resolutions of the Inter-provincial Conference, which are as follows:—

EXTRACTS from the deliberations of a sitting of the Conference of the representatives of the several provinces of Canada, held at Ottawa on the 9th of October, 1906.

WERE PRESENT:

FOR ONTARIO:

Hon. J. P. Whitney, Prime Minister.
Hon. J. J. Foy, Attorney General.
Hon. A. J. Matheson, Treasurer.

FOR QUEBEC:

Hon. Lomer Gouin, Prime Minister and Attorney General.
Hon. Adélard Turgeon, Minister of Lands and Forests.
Hon. W. A. Weir, Minister of Public Works and Labour.

FOR NOVA SCOTIA:

Hon. G. H. Murray, Prime Minister and Provincial Secretary.
Hon. Arthur Drysdale, Attorney General.

FOR NEW BRUNSWICK:

Hon. L. J. Tweedie, Prime Minister and Provincial Secretary.
Hon. Wm. Pugsley, Attorney General.

FOR PRINCE EDWARD ISLAND:

Hon. Arthur Peters, Prime Minister and Attorney General.
Hon. George E. Hughes.

FOR MANITOBA:

Hon. R. P. Roblin, Prime Minister, Minister of Railways and Minister of Agriculture.
Hon. Colin Campbell, Attorney General.

FOR BRITISH COLUMBIA:

Hon. Richard McBride, Prime Minister and Minister of Mines.

FOR SASKATCHEWAN:

Hon. Walter Scott, Prime Minister.
Hon. J. A. Calder, Commissioner of Education.

FOR ALBERTA:

Hon. A. C. Rutherford, Prime Minister.
Hon. C. W. Cross, Attorney General.

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Whereas the members of this Conference are of opinion that it is desirable in the interest of the people of Canada and essential to the development of the provinces that an immediate provision be made for an increase of the subsidies granted by the Dominion to the several provinces, and for the award to the provincial governments by Canada of an amount sufficient to meet the costs of the administration of criminal justice, not exceeding twenty cents per head of the population;

Therefore, it is unanimously

Resolved—1. That the subject matter of the resolutions adopted by the Conference of the representatives of the several provinces, held at Quebec in December, 1902, and which were shortly thereafter presented to the Government of the Dominion and which were ratified by the legislatures of the then existing provinces, except that of British Columbia, be now pressed upon the government of the Dominion for immediate and favourable action, under reserve of the right of any province to now submit to such government memoranda in writing concerning any claims it may have to larger sums than those set out in the said resolutions, or to additional consideration or recognition.

Resolved—2. That in case of the government of Canada concurring in the views of the conference, as expressed in the above resolution, a measure should be submitted to the Parliament of Canada at the next session providing for payment of such increased subsidies and allowances as may be determined upon, pending an amendment of the British North America Act, if such amendment should be deemed necessary.

It is also unanimously

Resolved—That subsection C of resolution No. 1 adopted at the Conference held at Quebec in December, 1902, be amended so as to read as follows:—

(C) The population as ascertained by the last decennial census to govern, except as to British Columbia, Manitoba, Saskatchewan and Alberta; and as to these four provinces the population to be taken to be that upon which, under the respective statutes in that behalf, the annual payments now made to them respectively by the Dominion are fixed until the annual population is by the census ascertained to be greater; and thereafter the actual population so ascertained to govern.

It is also unanimously

Resolved—That the Honourable Mr. Gouin, Premier of the province of Quebec, and the Honourable Mr. Whitney, Premier of the province of Ontario, be a committee to submit the foregoing resolutions to the government of the Dominion of Canada.

True extracts.

CHARLES LANCTOT,
Secretary of the Interprovincial Conference.

The Hon. Mr. Whitney then submitted a memorandum setting forth the special views of the province of Ontario, which is as follows:—

MEMORANDUM ON BEHALF OF THE PROVINCE OF ONTARIO.

On behalf of the province of Ontario, the undersigned desire to submit the following:

The present government of Ontario had no opportunity to take part in the proceedings of the former Conferences. Our predecessors did so, however, and united with the representatives of the other provinces in support of the resolutions which were adopted and which were presented to the Prime Minister of the Dominion of Canada on the 27th day of January, 1903.

While in all probability we would not have initiated the calling of the Conference for the object proposed, yet we must consider the real merits of the questions involved, and, in our opinion, we cannot lose sight entirely of the fact that the then government of Ontario agreed to, and that the legislature ratified, the resolutions above mentioned.

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We are strongly in favour of some definite and permanent arrangement regarding the subsidy question; one which will render unnecessary, and indeed impossible, periodical applications for re-arrangement of the subsidies. But while holding these views, we are not able to agree with the suggestion sometimes advanced that the financial terms of the British North America Act were intended to be, or should be, final and unchangeable. Experience shows that the closer we adhere to the exact amounts named as the provincial subsidies nearly forty years ago, the farther we are driven by changing circumstances year by year from the actual financial basis established at confederation.

With reference to this point we have no precedents to consider and discuss; the facts and circumstances surrounding the formation of the American Union and the powers and duties given to the several states by the constitution cannot be applied to our conditions.

With reference to the situation when the terms of the British North America Act were under discussion, we have not been able so far to discover an utterance of any public man at confederation pointing to the conclusion that the then arrangement was to be considered final. The apparent absence also of any suggestion anticipating the possibilities of the future of the provinces and of the Dominion, seems also to show that those most interested did not go further in their consideration of the subject than the situation at the moment. And it would have been indeed strange had they attempted to legislate for posterity and, on behalf of the four provinces then about to unite, assumed to bind for all time the nine provinces now interested and the greater number undoubtedly to be interested in the future. In our opinion these considerations prove that the eminent statesmen and publicists who were dealing with this matter fully realized what we have endeavoured here to indicate.

It is clear that the financial ability of the Dominion to pay subsidies to the provinces was considered with reference to the amounts received from customs and excise, the right to levy which was to be transferred from the provinces to the Dominion. Therefore, it would seem reasonable to say that the same principle should be acted upon to-day, and that the income of the Dominion from these two sources should be taken into account in considering the amount of the subsidies which should be paid to the provinces.

Further, the Federal Parliament has by its action in changing on more than one occasion the financial terms, rendered it impossible to successfully contend to-day, on the ground that the original agreement was final, that the amount of the present subsidies should not be changed.

The Dominion of Canada is not burdened with the responsibilities of an independent nation. The duties of its government are nearly all of a domestic nature. The uses to which its revenues should be applied are of a similar nature, namely, the wants, necessities and reasonable demands of the public, and the people of the Dominion of Canada are the self-same people who constitute the population of the different provinces; a fact which, in our opinion, must be borne in mind in considering this question from an equitable point of view.

The provinces expend annually large sums of money for immigration purposes. They pay their share of the expenses of the Dominion Department of Immigration, while expending liberally for that purpose on their own account. The consequences of this are an increase of the population, an increased consumption of goods paying tariff duties and an increased revenue for the Dominion of Canada, all of which result from increased provincial expenditure, while there is no increase in provincial revenue.

If the present situation is to remain unchanged, and the increase in population which may reasonably be expected occurs, the expenditures of the provinces will continue to increase while the revenues of the Dominion will also go on increasing. In that case, where can the justification be found for imposing upon the taxpayers who are, as we have said, the people of the provinces, a financial system which will inevitably result in the accumulation of a large revenue in which the people of the provinces who created and contributed it will have no share?

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It may be interesting to cite here some of the provisions of the Australian Act of Union. After several years of consideration, the basis of agreement was adopted, and the following are the provisions of sections 87 and 96:

Payments to States. Section 87. — ‘During a period of ten years after the establishment of the Commonwealth and thereafter until Parliament otherwise provides, of the net revenue of the Commonwealth from duties of customs and excise not more than one-fourth shall be applied annually by the Commonwealth towards its own expenditure.

‘The balance shall, in accordance with this constitution, be paid to the several states, or applied towards the payment of interest on the debts of the several states taken over by the Commonwealth.’

Financial assistance to States. Section 96. ‘Parliament may grant financial assistance to any state on such terms and conditions as the Parliament thinks fit.’

The following figures show the working of the arrangement:

In 1905 the Commonwealth collected:

Customs and excise.....	£8,799,500
Deduct cost of collection..	256,060

£8,543,440

Out of which there was paid to the states:

To New South Wales.....	£2,529,069
Victoria.....	2,017,378
Queensland.....	752,532
South Australia.....	555,692
West Australia.....	1,027,898
Tasmania.....	259,099

£7,141,668

Three points suggest themselves in connection with the Australian arrangement:—

(1) Anything in the nature of a final arrangement, as far as regards a specific amount, was distinctly avoided.

(2) Not only was it avoided, but power to render financial assistance to the states, or any of them, was expressly taken.

(3) The very large proportion of the customs and excise duties to be paid to the states—three-fourths—is significant, and the contrast between the amounts so paid to the states and the amounts to be paid to the provinces, under our Confederation Act, is startling.

The following comparison will show our meaning more clearly:—

1905.	Canada.	Australia.
Customs and excise collected.....	\$54,020,123	£8,799,530 or \$42,824,379
Paid to provinces and states.....	4,516,038	7,141,668 or 34,756,117

We are not anxious to unduly emphasize the fact that the province of Ontario contributes a very large portion indeed of the Dominion revenue, and we recognize that it would be impossible, having regard to the position of some of the smaller provinces, to adjust provincial subsidies on a strictly proportionate basis. Still, we feel that the burden thus far carried, and cheerfully carried, by the province of Ontario entitles her to urge, now that the question of a re-arrangement of the subsidies is being discussed, that her claims should be seriously considered. And we submit that a thorough appreciation of the actual facts relating to the proportion of the Dominion revenue contributed by Ontario, together with the proportion of the railway expenditures in that province, by the Dominion government will make it clear that a settlement which will be satisfactory to the people of Ontario should take them into account.

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We urge that in the future no special grant, at any rate, should be made to any one province. We repeat that, in our opinion, an agreement, which will render impossible periodical applications for a re-arrangement of the subsidies, is feasible and should be determined upon. It is possible that such an arrangement might be fixed and positive, and at the same time elastic, working automatically, so to speak, as the Dominion census from time to time would determine.

With reference to the resolution in favour of the assumption by the Dominion of the cost of administering the criminal law, in our opinion, this claim has merits behind it. The provinces have neither act nor part in the enactment or amendment of the criminal law, and it is certainly an anomalous condition of affairs when the provinces, so situated, are called upon to pay for the administration of a law, with the enactment and amendment of which they have nothing to do. The amount expended by Ontario for this purpose in 1869 was \$97,424.51 and in 1905 \$178,756.51.

In conclusion, we urge that under our system it can never be too late to apply a remedy, where one is called for. We are confident that a thorough consideration of the situation of the provinces under the Confederation Act, of the intention evidenced by the terms of it and by the changes that have been made since its enactment, as well as an appreciation of the origin and amount of the Dominion revenues to-day, and of the fact that they are created by the expenditure of the people of the provinces, will render comparatively easy a settlement on a just and equitable basis; one that will be fair to each province, and one that will be free from the objection that further changes and re-arrangements may be asked for from time to time.

J. P. WHITNEY.

J. J. FOY.

A. J. MATHESON.

OTTAWA, October 10, 1906.

The Hon. Mr. McBride submitted the following memorandum, embodying the claims of British Columbia to special and distinctive treatment:—

MEMORANDUM *RE* BRITISH COLUMBIA'S CLAIMS FOR SPECIAL
CONSIDERATION.

On behalf of the government of British Columbia, I adhere to the general principle of the rights of the provinces to increased subsidies, and, therefore, support the resolution which has been submitted in favour of affirming the resolutions of the Quebec Conference, in so far as they are not inconsistent with or prejudicial to the claims of any particular province for additional recognition with respect to such matters as form the subject of those resolutions.

The government of British Columbia cannot, however, accept them as a final and full settlement of its demands. There are special considerations in the case of British Columbia which involve additional recognition in its behalf. These considerations are set forth in the memorial presented to the Dominion government last year, a copy of which is herewith submitted*, and a resolution affirming the position of the provincial government was unanimously adopted by the legislature of the province of British Columbia. The resolutions of the Conference of Quebec, which, if carried into effect, would increase the subsidies already received by British Columbia, relatively speaking, leave it no better, if as well, off. This is obvious for two reasons:

1st. Owing to the excessive contributions made by British Columbia to the federal treasury, as compared with other provinces, the province would pay an undue proportion of the amount of the increase in subsidies to all the provinces. A parallel in support of this is afforded in the allowance which was made at the time of confederation to certain provinces on account of the greater debt of other provinces, in the payment of which the people of all the provinces had to share. Our case is precisely

* See Appendix pages 15 to 39.

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similar now to that in which those provinces would have been had no such allowance been made.

2nd. The proposed increase in subsidies being largely based upon population, the special physical conditions which make the cost of government in the province of British Columbia disproportionately great are not provided for.

Briefly, as set forth in the memorial of the government of B. C., already referred to, 'The claims being presented by the other provinces for increased subsidies are similar in character to some of those of British Columbia, with this important distinction, that the reasons which alike give them foundation are greatly accentuated in the case of this province.'

A brief summary of the arguments in our case is herewith submitted:—

For a proper knowledge of the case, it is necessary to consider the conditions which existed at the time British Columbia entered confederation, and the mental attitude in which the terms of union between the province and the Dominion were framed. Public sentiment, as represented in parliament, was prejudicial to more favourable terms being granted. A large section of Canada was utterly opposed to union with British Columbia on the terms under which the construction of a trans-continental railway was rendered obligatory. It was only upon grounds of large public policy of a national character—the rounding out of confederation—that their adoption was justified. It was almost universally conceded that the province, physically handicapped as it was, would not pay its way in confederation, and it was strongly contended that the construction of the Canadian Pacific Railway—the price asked by British Columbia—was too great a sacrifice on the part of the Dominion, and that the railway when built would prove unremunerative. Consequently the financial terms conceded to British Columbia were the least favourable possible.

A similar attitude towards British Columbia was maintained as long subsequently as 1884, when the Settlement Act was passed, whereby the outstanding differences between the provinces and the Dominion were finally adjusted. By the terms of the Settlement Act, the province, tired of delays and wearied with fruitless negotiations, agreed to transfer 3,500,000 acres of the best land in the Peace River district in lieu of expenditures on the part of the Dominion, amounting in all to about \$1,100,000. These lands, worth now at the lowest valuation \$17,500,000, were parted with to secure a railway from Esquimalt to Nanaimo, costing less than \$3,000,000, which, under the Carnarvon terms, the Dominion government has pledged itself to build without cost to the province. The value of such concession was not then foreseen. The treaty of 1871, as revised in 1884, was made in misapprehension of the possibilities of British Columbia and the development to accrue from the building of the Canadian Pacific Railway.

The subsequent course of events was shown that British Columbia has not only paid its way in confederation, but has contributed in thirty-five years nearly \$19,000,000 to the federal treasury in excess of what it has received therefrom; that the Canadian Pacific Railway has been instrumental more than any other factor in building up Canada, with benefits vastly greater to eastern Canada than to British Columbia; and that the Settlement Act gave a realizable asset to the Dominion nearly twenty times greater than the expenditure which it involved.

The government of British Columbia submits as incontrovertible that as the original and amended term of union having been based upon assumptions which have proved groundless, and as that the very opposite of what was anticipated has transpired, it is incumbent, in the light of developments which have actually taken place, upon the Dominion, morally and constitutionally, to now substitute fairer terms for those made perforce in anticipation of what did not happen.

This contention is strictly in line with what is promised in the resolution of the Quebec Conference of 1902, to the effect that at the time of the passing of the B.N.A. Act 'it was impossible to foresee the development of the Dominion,' and to provide in an unalterable and fixed way for the requirements of the various local governments for all time to come, except that the conditions are so peculiar and exceptional in

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the case of British Columbia as to demand exceptional consideration in the revision of financial terms now deemed necessary.

In the memorial presented by the government of British Columbia to the Dominion authorities, and in various letters and memoranda, the historical aspect of the case has been reviewed, and the reasons for special consideration given in extenso. In addition to the foregoing, it has been pointed out that there are certain conditions and physical disabilities, permanent in character, which accentuate the position of British Columbia considered in relation to the other provinces, and that abnormally increase the cost of administration in that province as compared with the average conditions of the rest of the Dominion, entailing as well disadvantages of commercial, industrial and political character. These are:—

1. The cost of administration, owing to the physical character of the country.
2. The distance from the commercial, industrial and administrative centres of eastern Canada.
3. The non-industrial character of the province, as compared with eastern Canada, whereby a large percentage of goods are imported and consumed, increasing the contributions to the federal treasury in the way of taxes in a ratio of three to one.
4. The disadvantages of the province in relation to the market for its special products.

Under the first head, it is pointed out and supported by tables filed in the official records of all the provinces, that the physical conditions referred to seriously affect the cost of government under every head.

The following table, covering a period of thirty years of all the provinces, will sufficiently illustrate these contentions:—

Provinces.	Average Population for Thirty Years.	Total Expenditure for Thirty Years.	Average per head per year.
		\$	\$ cts.
British Columbia	90,634	32,243,068	11 86
Manitoba	123,801	16,025,974	4 31
Prince Edward Island	104,062	9,179,906	2 94
Quebec	1,421,994	104,027,881	2 44
New Brunswick	314,802	20,381,060	2 16
Ontario	1,961,260	105,798,513	1 79
Nova Scotia	434,585	21,525,863	1 65
	4,451,138	\$309,182,264	\$2 32

British Columbia is a country, roundly speaking, 900 miles in length and 500 miles in width, including an area of 381,000 square miles, extremely mountainous in character and settled in widely detached valleys with a sparse population. This involves an expenditure for government very much greater than in provinces which are compact and do not present the same peculiar conditions with which that province is confronted.

2. The geographical position of the province, though very important in one sense, is very disadvantageous in relation to the Dominion as a whole. We sell very little to eastern Canada on account of the nature of our products, and we buy very largely there for the same reason. Interprovincial trade was the material object in confederation. The province, therefore having four per cent of the population pays eight per cent of the price of confederation, and gets in return one per cent of the trade (see table, page 8, memorial, prepared by Mr. George Johnston late Dominion Statistician).

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3. The non-industrial character of the province accounts for the enormous contributions it has made to the federal treasury in proportion to the amount received in return. An elaborate statement of the account appears in the memorial referred to, which has been brought up to date, showing an excess of contributions over receipts amounting to nearly \$19,000,000. This is not submitted as an exact mathematical solution of financial relations, but is substantially accurate, and represents approximately the actual condition of affairs in respect to receipts and contributions. There is the further consideration that the population, which accrues directly to the benefit of the Dominion, accrues in the ratio of about three to one, as compared with the average benefits from population, in other sections of Canada.

4. The geographical position of the Dominion also handicaps it in relation to the products which it sells. This is true, for the most part, of foreign exports of lumber, of fish and of minerals, and of many other things that it is hoped to produce in the future, such as manufactures of iron and paper. For the most part, British Columbia sells in the markets of the world in competition with the world. It cannot sell in eastern Canada in competition with eastern manufactures owing to distance, and is thus handicapped in what it buys and what it sells.

Its geographical position has still further the effect of increasing the cost of consumption by imposts in the way of freight on goods which are imported from a supply centre of Canada and elsewhere.

In addition to the natural disadvantages under which the province has laboured, may fairly be cited the political disadvantages of a limited representation in parliament and the long distance from the seat of government. Without reflection upon one administration at Ottawa more than another, the province, by reason of these handicaps, has not in the past received that consideration for its various wants that is extended to the people of eastern Canada, who have large representation and easy access to the capital.

Comparing the terms conceded to British Columbia and to the new provinces of Alberta and Saskatchewan, it is found in effect that when these provinces are in receipt of the total allowance to which they will be ultimately entitled per annum, the amount, in round numbers, will be \$2,250,000, while the total of British Columbia's allowance, when it has reached its maximum, will be less than \$500,000. It is not contended that the new provinces have received too much, but that British Columbia has received far too little. Alberta and Saskatchewan contain large, compact, arable areas presenting no physical difficulties or obstacles to development. While it may be said that in their case the lands and minerals belonged to the Dominion, if we take the case of British Columbia, with its public domain in its own right, the average of its receipts for the past thirty years on account of its natural resources has only been \$235,000 per annum, from which must be deducted the cost of administration, not less, at the present time, than \$100,000 per annum. It is submitted further that the readjustment of the subsidies every two and a half years, according to the increase of population ascertained by census-taking, in our estimation, is another important advantage which the new provinces have over British Columbia. They obtain almost immediately in increased subsidy the benefit of increased population, while British Columbia, in which the increase of population is also very rapid, has to wait ten years for readjustment. There is therefore only one of two conclusions to be drawn from a comparison of the terms in the two cases; either the new provinces have been too generously endowed by the Dominion—which is not alleged—or British Columbia has received very inadequate consideration of its requirements.

The Government of British Columbia, in view of all the considerations which have been advanced in support of the claims of that province, reaffirms its position in regard to the desirability of a complete investigation by a competent tribunal of the merits of the provincial contention. It is therefore asked that a commission be appointed consisting of three persons of eminent repute, one to be named by the government of the Dominion of Canada, one by the Government of British Columbia, and the third by

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the Honourable the Secretary of State for the Colonies. It is asked that the reply of the Dominion Government be made definite and final within three months from the present time.

RICHARD McBRIDE,

Ottawa, October 9, 1906.

Premier.

The Right Hon. Sir Wilfrid Laurier announced that the resolutions of the Interprovincial Conference would be taken into consideration by himself and his colleagues.

The Joint Conference adjourned at twelve o'clock noon, until to-morrow at 11 a.m.

CHARLES LANCTOT,

JOSEPH POPE,

Joint Secretaries.

CONFERENCE CHAMBER,

OTTAWA, THURSDAY, October 11, 1906.

The Chairman of the Joint Conference took the chair at 11 o'clock, when the members were convened.

The question of the claim of the province of British Columbia for special consideration was discussed.

The Joint Conference adjourned at 1 p.m., until to-morrow at 11 a.m.

CHARLES LANCTOT,

JOSEPH POPE,

Joint Secretaries.

CONFERENCE CHAMBER,

OTTAWA, FRIDAY, October 12, 1906.

The Chairman of the Joint Conference took the chair at 11 o'clock, when the members were convened.

The Hon. Mr. Gouin submitted a resolution of the Interprovincial Conference touching the practice of the Dominion government in deducting claims which the Dominion may have against any province from the subsidy due to such province.

At the request of the Right Hon. Sir Wilfrid Laurier, this resolution was withdrawn for reconsideration by the Interprovincial Conference.

The Right Hon. Sir Wilfrid Laurier then addressed the Joint Conference to the following effect:—

‘I have given careful consideration to the memorial of British Columbia’s government, and particularly to the request that a commission be appointed for the purpose of inquiring into the financial relations between the Dominion and the province. I have been unable to reach the conclusion that the appointment of such a commission

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would be the best way of dealing with a question of this kind. I fear that such a course would not lead to the harmonious settlement of the grants to provinces which all should desire to bring about. However, I regard the matter at present more as one for the opinion of the Conference than for the judgment of the Dominion government. You have assembled for the purpose of considering the sums which should properly be paid by the Dominion to the provinces in the way of subsidy and allowance for the maintenance of government. The British Columbia proposal comes entirely within the chief purpose of this Conference. If this Conference, after hearing Mr. McBride's arguments in support of his contention, reach the conclusion that an arbitration should take place, through a commission, for the purpose of dealing with the claim of British Columbia, that would present the matter to the Dominion government in a new light, and, while I am not prepared to express any final opinion, I can say at once that such a recommendation from the Conference would have great weight with us, and we should feel bound to give it further consideration. While I give you this expression of my own views and of the views of my colleagues who are here with me, I shall, if you will permit me, offer a suggestion. I think there is a disposition on the part of the Conference to recognize that the conditions in British Columbia, owing to the vastness of her territory, to its mountainous character, and the sparseness of her population, create exceptional difficulties which should be taken into consideration in the adjustment of the distribution of the grants in aid of provincial governments. I am myself disposed to admit that such is the case. I would strongly advise that Mr. McBride avail himself of the good disposition which is manifested in the Conference, and at once approach the question of what allowance, in addition to that already contemplated, should be made to meet British Columbia's difficulties. It is a question which, after all, can better be settled here than anywhere else. I feel assured that the Conference will be willing to deal with the matter in a spirit of fairness to British Columbia. I propose, therefore, that we shall leave you to discuss the question frankly with one another, and come to you again when probably you will have reached some satisfactory agreement.'

After some discussion the Joint Conference adjourned at 12 o'clock noon, to meet to-morrow at 11 a.m.

CHARLES LANCTOT,
JOSEPH POPE,

Joint Secretaries.

CONFERENCE CHAMBER, OTTAWA, SATURDAY, October 13, 1906.

The Chairman of the Joint Conference took the chair at 12.30 p.m., when all the members were convened with the exception of the Hon. Messrs. Lemieux and McBride.

The Chairman submitted a resolution of the Interprovincial Conference which is as follows:—

Extract from the deliberations of a sitting of the Conference of the representatives of the several provinces of Canada, held at Ottawa, on the 12th of October, 1906.

It was resolved:—

That in the opinion of the Conference it is unadvisable that the claim, in the way of subsidies, of any province be referred to arbitration.

(True extract.)

CHARLES LANCTOT,
Secretary of the Interprovincial Conference.

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The Chairman submitted a resolution of the Interprovincial Conference on the subject of the claims of British Columbia for special consideration, which is as follows:—

Extract from the deliberations of a sitting of the Conference of the representatives of the several provinces of Canada, held at Ottawa, on the 13th day of October, 1906.

It was resolved:—

That in view of the large area, geographical position and very exceptional physical features of the province of British Columbia, it is the opinion of this Conference that the said province should receive a reasonable additional allowance for the purposes of civil government, in excess of the provisions made in the Quebec Resolutions of 1902, and that such additional allowance should be to the extent of one hundred thousand dollars annually for ten years.

(True extract.)

CHARLES LANCTOT,
Secretary of the Interprovincial Conference.

The Chairman informed the Conference that Mr. McBride declined to assent to the terms of this resolution, and declared that he could take no further part in the proceedings of the Interprovincial Conference, and that after making this statement he had withdrawn.

At this stage, the Hon. Mr. McBride entered the Conference Chamber and took his seat at the Joint Conference.

At 1.10 p.m. the Joint Conference took recess.

The Joint Conference reconvened at 2.30 p.m., when the Chairman took the chair, all the members being present with the exception of the Hon. Messrs. Lemieux, McBride, and Drysdale.

The Right Hon. Sir Wilfrid Laurier announced that the Dominion Government had come to the conclusion to agree to the resolutions embodying the views of the Interprovincial Conference submitted by the Hon. Mr. Gouin on the 10th October, with the exception of that portion of the first resolution proposing an increased subsidy towards the cost of the administration of criminal justice, and also to the proposal that a bill should be introduced into the Parliament of Canada providing for the payment of the increased subsidies and allowances pending the necessary amendment to the British North America Act, neither of which he was prepared to entertain. These resolutions, with the above recited exceptions, are substantially the same as those of the Quebec Conference of 1887.

The Prime Minister added that his government desired to impress upon the Conference the fact that these resolutions of 1887 seemed to have been drawn and considered with great care, and they are of opinion that the terms agreed to at that time ought not to be departed from. These resolutions provide as follows:—

That this Conference is of opinion that a basis for a final and unalterable settlement of the amounts to be yearly paid by the Dominion to the several provinces for their local purposes and the support of their governments and legislatures, may be found in the proposal following, that is to say:—

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A. Instead of the amounts now paid, the sums hereafter payable yearly by Canada to the several provinces for the support of their governments and legislatures, to be according to population, and as follows:—

(a) Where the population is under 150,000.. . . .	\$100,000
(b) Where the population is 150,000 but does not exceed 200,000.. . . .	150,000
(c) Where the population is 200,000 but does not exceed 400,000.. . . .	180,000
(d) Where the population is 400,000 but does not exceed 800,000.. . . .	190,000
(e) Where the population is 800,000 but does not exceed 1,500,000.. . . .	220,000
(f) Where the population exceeds 1,500,000.. . . .	240,000

B. Instead of an annual grant per head of population now allowed, the annual payment hereafter to be at the same rate of eighty cents per head, but on the population of each province, as ascertained from time to time by the last decennial census, until such population exceeds 2,500,000, and at the rate of sixty cents per head for so much of said population as may exceed 2,500,000.

Sir Wilfrid Laurier further observed that his government had considered this question up to this moment in the hope that the present Interprovincial Conference would be unanimous. He said that while there is unanimity with respect to the principle of increased subsidies and also in regard to that portion of the resolution of the Interprovincial Conference submitted by Mr. Gouin on October 10, to which the government has agreed, there was a special claim from British Columbia touching which some difference as regards the amount exists. Sir Wilfrid Laurier added that he wished to report to his colleagues on that point before giving a final assent.

The question of the discrimination against Dominion charters by provincial authorities was adverted to by the Right Hon. Sir Wilfrid Laurier, who expressed the view that there should be no such discrimination.

The Right Hon. Sir Wilfrid Laurier referred to the previous discussion on the provincial tax on commercial travellers.

The Chairman of the Conference announced that this question had been considered by the Interprovincial Conference, and that the various premiers had come to the conclusion to propose to their legislatures the repeal of this tax.

Some discussion was had on the subject of the fisheries, in the course of which the Right Hon. Sir Wilfrid Laurier dwelt on the inconvenience arising from the divided jurisdiction which at present exists.

The Joint Conference adjourned at 4.45 p.m.

CHARLES LANCTOT,
JOSEPH POPE.

Joint Secretaries.

APPENDIX.

THE CASE OF BRITISH COLUMBIA FOR BETTER TERMS.

MEMORANDUM of the Government of British Columbia in the matter of Readjustment of Financial relations.

His Excellency at the recent opening of parliament having intimated that provincial autonomy would be granted to the Northwest Territories, and in view of the possible readjustment at the same time of the financial relations between the provinces and the Dominion, the Government of British Columbia desire to place on record and reiterate the claims of this province for distinct and separate relief.

The relief sought is from an insufficiency of revenue arising out of causes constant in operation and peculiar to British Columbia.

These causes render it impossible to provide for the responsibilities of local administration imposed under the terms of union, without creating intolerable burdens of taxation or exhausting the resources of provincial credit.

It was intended by the framers of the B. N. A. Act, as will be shown, that the amount of revenue left to the provinces after confederation should be adequate for the performance of all local services; and, therefore, the government submit as a basis of their claims, that it is constitutionally incumbent upon the Dominion Authorities to increase the allowance wherever and whenever it can be shown that such circumstances do not exist.

To review the steps that have been taken towards obtaining a recognition of the claims of the province, early in 1901 a delegation from the Government of British Columbia interviewed the Dominion Authorities upon a number of matters as between, or affecting the relations of, the two governments, one of which was the subject-matter of this memorandum.

Prior to that time, upon several occasions in the federal parliament, attention was called to the large contributions from the province to the federal treasury in the way of customs and inland revenues. By comparisons with the rest of Canada, these were shown to be in the ratio of three to one. Attention had also been called to these facts in the local legislature on several occasions as forming a just claim for increased subventions by the Dominion to railway enterprises in the province.

In the memorandum submitted by the delegation of 1901 was a tabulated statement showing the contributions to the federal treasury from, and the expenditures by the Dominion in, the province of British Columbia since 1871. This statement has been completed by the addition of the figures for the years 1901-2-3, and appears in the appendices hereto. From this statement it will be seen that during 32 years the province has contributed to the revenues of Canada the sum \$49,397,238, and has received in expenditures in return the sum of \$32,454,382, and that the excess of contributions over expenditures is about \$17,000,000.

The cost of no portion of the construction of the C. P. R., which, like the canal system of Eastern Canada, is national in its character, was included in this statement; but, as pointed out, there is included the cost of other services which are national and would not be chargeable to any of the Maritime Provinces in an accounting of a similar nature.

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That British Columbia has much more than borne its rightful share of the expenses of governing Canada is demonstrated by the fact that while on its part it exhibits this surplus of \$17,000,000, the net debt of the Dominion has risen from \$80,000,000 in 1872 to over \$261,500,000 in 1903, or an increase of about \$181,500,000. Not only, however, has British Columbia contributed thus unduly to the federal treasury, but it has become liable for its share of the general liability of the Dominion, which share according to population is, roughly speaking, \$9,000,000.

All this is in addition to the disproportionate burden of administering a province, the physical conditions of which render it many times more expensive than other provinces.

Attention is called to a statement in the appendices of what the results in a financial way would have been had the contributions of the whole of Canada to the federal treasury been in the same proportion as those from British Columbia; and, conversely, what the results of British Columbia's contributions would have been had they been in the same proportion as from the rest of Canada.

The position created as the result of our financial relations was stated in the memorandum of 1901, as follows :—

‘A province has a certain population and contributes a certain revenue. What it pays as imposts to the treasury is, per capita, its impost or burden of government. Computations on that basis in various ways show, as a general and almost invariable result, that for a whole period of years the burden has been two and three-quarter times that of the rest of Canada, taken as a whole.’

Attention was also called to the duty paid indirectly by people of the province on goods brought from Eastern Canada upon which duty had been collected at eastern points of entry and added to the price at the western end. From data acquired on the subject by the provincial government in 1897 the duty thus indirectly paid then amounted to about \$300,000 per annum. The total amount paid since 1871 is estimated to have been \$6,000,000.

Although the delegation of 1901 did not make a special feature of the arguments arising out of the physical disabilities of the province, it was kept in mind, as the following shows :—

‘In this connection, too, we must also consider the very much greater cost per capita involved in the development and government of a province like British Columbia, where the physical features are so rugged and distances so great, and communication so difficult and expensive, and the population is comparatively sparse.’

Reference was also made to the increased burden upon the consumer in British Columbia by reason of the large freight bills on goods coming from eastern centres; and also to the disadvantages arising out of the extreme westerly position of British Columbia in respect to finding a profitable market for what is produced therein.

In January of the year 1903, a second delegation went to Ottawa to confer with the representatives of other provinces on the subject of financial relations generally, and, in particular, to lay before the Dominion authorities the claims of British Columbia for increased subsidies, apart from any general settlement made in behalf of all the provinces.

At the conference which took place special stress was laid upon several aspects of the question, which differentiated the claims of British Columbia from those of other provinces and demanded special consideration (*See* page 9 of the Appendices).

It may be urged that the province of British Columbia is bound by the terms of the memorandum adopted by the Quebec Interprovincial Conference, inasmuch as it was signed by the members of the British Columbia Delegation. By reference, however, to this memorandum it will be found that it embodies a letter to the premier of Quebec, convener of the conference, from the premier of British Columbia, presenting the special claims of the province and expressly stipulating that concurrence in the joint memorial was subject to the rights of the province to special consideration on ac-

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count of exceptional conditions. Adherence was given to the principles involved in the resolutions of the conference setting forth the reasons for readjustment as applicable in a greater or less degree to all the provinces; but it was held that in the case of British Columbia not only was the force of these reasons greatly intensified, but that there were considerations forming additional reasons which did not at all apply to the other provinces and for which additional allowance should be made.

It was stated by the delegation of 1903 that—

‘The position we take is not that the Dominion government has violated the terms of Union, or that we are entitled to compensation for lack of fulfilment in any substantial respect, as the performance of a legal contract could be construed; but we do contend that in the development of the constitution, in its actual operation, from the date of confederation in 1871, a state of affairs has grown up in British Columbia and in the Dominion, as the result of the union between the two, that has established a moral right and a sound constitutional claim on our part for increased recognition—a state of affairs that was not anticipated by either party to the federal compact.’

The historical and constitutional arguments in support of the claims were summarised as follows:—

‘That there is an absolute precedent in the Nova Scotia settlement of 1868, inasmuch as, without any charge of violation of the terms of union by the Dominion, the claims of Nova Scotia were recognized on the grounds that the sources of revenue left to the province were not sufficient to meet local requirements, and on the grounds generally that the peculiar geographical position and exceptional conditions of that province demanded a revision of the financial arrangements. It was admitted in parliament that there were substantial grounds for the claims made, that there was an injustice, and that it was incumbent upon the Dominion government to redress grievances where they existed, not only on moral grounds, but to ensure the success of Confederation:

‘That, after careful investigation and reference to the best and highest authorities, it was competent for the parliament to adjust financial relations, where necessary, without a change in the British North America Act:

‘That the principle once established and, as a matter of fact, put in force on several subsequent occasions in respect to other provinces, it is not only competent but a matter of right and constitutional necessity on the part of the Dominion to apply that principle whenever and wherever the circumstances justify it:

‘That it is recognized that the Act of Union is a contract and a treaty binding for all time to come, but that it is not a contract like the laws of the Medes and Persians, invariable, but subject to modification as circumstances demand, as the resolutions of the premiers presented to you yesterday premise. At the time of the British North America Act, or the British Columbia Terms of Union were passed, it was impossible for either party to foresee the results of union, or to fix in an absolutely definite way and unalterably the financial relations, so as to provide equitably for all time to come for the requirements of both classes of governments; and that it was the evident intention of the framers that adequate provision should be made for both:

‘That, with reference to British Columbia, although it is not contended that it was forced into confederation as it is claimed Nova Scotia was, yet the circumstances and conditions of the province were such that there was but little alternative left to her in the matter of terms:

‘That the terms were not the terms the people of British Columbia asked for and believed were necessary for the adequate administration of local affairs and the development of the country:

‘That, as shown by the debates which took place both in the local house and in the Houses of Parliament at Ottawa, in neither case were the framers of the terms able to accurately or even approximately foresee what the results would be, and that in a great measure for both it was a leap in the dark:

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‘That the people of British Columbia did, from a local knowledge of their own province, appreciate the necessity of and stipulate for a much larger provision for the financial requirements of the province than was conceded by the Dominion:

‘That the Dominion government did not agree to the terms of British Columbia for the reason that they feared and believed that this province would remain a drag on the Dominion, and it is well known that they could only secure a ratification of the treaty in the House by granting the least favourable conditions possible. The government at Ottawa, in the matter of British Columbia, acted solely on the policy of creating a nation extending from ocean to ocean, and in doing so were under the conviction that they were assuming burdens quite out of proportion to the value of the province as an asset—in other words, sacrificing material interests to a large extent in the interests of patriotic sentiment—that of “rounding out Confederation.” The whole debate confirms that view of it absolutely:

‘That the reasons which dictated the policy of the government at that time have been shown by the developments which have taken place in British Columbia, and the financial results which followed, to have been entirely and absolutely erroneous and unfounded:

‘And that, therefore, although the framers of that treaty were without doubt honest, high-minded, and, from the knowledge they possessed then, justified in that course, their reasons having proved unfounded the government of to-day is entitled in equity to recognize the consequences of those errors and compensate for the inordinate benefits the Dominion has received, and also increase the allowance for the requirements of the public service in a province demanding so extraordinary a rate of expenditure for its settlement and development.’

The delegation then proceeded to present a statement of facts bearing upon the peculiar conditions and position of the province, under the following heads:—

‘1. The cost of administration, owing to the physical character of the country.

‘2. The distance from the commercial, industrial and administrative centres of Eastern Canada.

‘3. The non-industrial character of the province, as compared with Eastern Canada, whereby a larger percentage of goods are imported and consumed, increasing the contributions to the federal treasury, in the way of taxes, in a ratio of three to one.

‘4. The disadvantage of the province in relation to the markets for its special products.’

The statement of the case, as above, will be found in full in the appendices to this memorandum at page 9.

In the summer of 1903 a third delegation from British Columbia interviewed Sir Wilfrid Laurier and other members of the Dominion Cabinet at Ottawa, and strongly urged their consideration of the facts that had been submitted by previous delegations.

The principal object of this delegation, however, was to impress upon the Dominion authorities a proposal for the reference of the claims of the province to a joint high commission, consisting of three members to be named, one by the Dominion Government, one by the Government of British Columbia, and one by the Imperial Colonial Secretary.

Having presented the foregoing resume of former negotiations, it is here proper to observe that the claims being presented by the other provinces for increased subsidies are similar in character to some of those of British Columbia, with this important distinction, that the reasons which alike give them foundation are greatly accentuated in the case of this province.

With regard to the reasons for financial readjustment contained in the resolutions adopted by the Quebec Interprovincial Conference of 1902, it is submitted that it is a fair presentment to say that they are, mainly, as follows:—

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(1) That new conditions have arisen since confederation which were unforeseen or not provided against at that time.

(2) That the financial resources of the several provinces, as determined by statute, are no longer sufficient to meet the expenditure necessary to adequately administer the affairs of the provinces and efficiently promote their further development.

(3) That the growth of population, by reason of development, the result of efforts on the part of both the Dominion and Provincial governments, increases the financial responsibilities of the provinces without a corresponding increase of revenue, as a consequence, and without provision for a corresponding increase of subsidy to meet it.

(4) That it was the evident intention of the framers of the Terms of Union to make adequate financial provision for the requirements of the Dominion and Provincial governments for all time to come.

It is assumed that it will be for these reasons, and for these reasons alone, that a general readjustment of financial relations will, if effected, be brought about.

In this connection, the remarks of Hon. S. N. Parent and of Hon. G. W. Ross are noteworthy, and a few of the more pertinent of their observations are given in the appendices at page 12.

Taking the foregoing considerations as applicable, in common, to the claims of British Columbia, they have, as intimated, exceptional force, the evidence of which exists in two main facts:

(a) The charges against the province through Customs and Excise revenues, to which may properly be added heavy freight bills, arising out of long distance from centres of supply in the east, are several times greater than in the other provinces, and thus to that extent lessen the ability to maintain the cost of local administration.

(b) The responsibilities of population involved in the increase of population in British Columbia, as will be shewn, are several times greater than elsewhere in Canada by reason of a combination of disadvantageous conditions, mainly physical in their nature.

The contentions of the Quebec Conference that increased subsidies to the provinces to permit of their still further development would bring increased revenues to the Dominion as a compensation, apply with peculiar force to the particular case of British Columbia. This province has, admittedly, great sources of wealth. Obviously, however, owing to the physical obstacles to overcome, to make these sources available by development, an expenditure very much larger than in other provinces is required; but, as British Columbia has in the past contributed, and in the future must continue to contribute, in an excessive ratio to the federal treasury, as compared with the rest of Canada, so the Dominion for relatively increased subsidies to this province will reap a corresponding increase in revenues to the treasury and in benefits to trade and industry.

The conditions, permanent in character, which accentuate the position of British Columbia, considered in relation to the other provinces, have previously been enumerated.

To arrive at a definite basis upon which to submit a claim in a stated sum as compensation on account of such conditions and physical disabilities, which increase abnormally the cost of provincial administration compared with the average conditions of the rest of the Dominion, a full and detailed examination has been made covering the expenditures of all the provinces for various services since 1871.

The first of these conditions, which refers to the mountainous surface, is one which clearly differentiates the case of this province from that of every other province. The extreme limit of the arable land is about one-twenty-fourth of the entire surface or at the very outside, 10,000,000 acres, much of which cannot be classed other than pasture land, out of 240,000,000 acres. The habitable area is mainly restricted to the arable portions. This lies more or less evenly distributed in widely separated narrow valleys immured by precipitous mountain sides. This is a condition which finds no parallel

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in Canada among the other provinces, the distinct effect of which upon the cost of provincial administration may, by an examination of the statistics referred to, be ascertained in some degree of definiteness. It is a condition which neither settlement nor development can alter in the slightest, and on account of which settlements are small in area, isolated in position, and difficult of access. As a consequence, the province pays per head of its population for roads, streets and bridges over twenty times as much in the average as the same services cost in the other provinces for the five years, 1898-1902, as the following table shows :—

ANNUAL EXPENDITURE PER HEAD FOR ROADS, STREETS AND BRIDGES.

Provinces.	1898.	1899.	1900.	1901.	1902.	Average.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
British Columbia.	2 30	3 74	1 89	2 94	3 68	2 91
New Brunswick.	0 47	0 48	0 49	0 72	0 89	0 61
Prince Edward Island.		0 31	0 42½	0 42½	0 38	0 38½
Nova Scotia.	0 19	0 18½	0 20	0 25½	0 20½	0 20⅓
Manitoba.	0 26	0 17½	0 25	0 13	0 15	0 19⅓
Quebec.	0 06½	0 08	0 11	0 11½	0 07	0 08⅔
Ontario.	0 05	0 04	0 07	0 06	0 09½	0 06⅓
Average.						22 ⅓
Averages of all the provinces other than British Columbia.						13 ⅔

To the cost per mile and not to the mileage or the sparse population is due this abnormal expenditure for road construction in British Columbia. Its six thousand miles of wagon roads, which are wholly inadequate to the needs of the districts they serve and far from a state of completion, based on the standard of Eastern Canada, have cost on an average over \$2,000 per mile. For purposes of comparison, it will be fair to take not the numerous roads in the older settled sections of eastern Canada, built for the main part by statute labour, but the expensive mining and colonization roads in the new and northern part of Ontario in which the conditions more nearly approach those in British Columbia. For 18 years, 1876-1885, in Algoma, Muskoka and other parts the average cost of construction of new roads was \$294 per mile for over 2,000 miles (*vide* Sessional Papers Ontario, 1885, Return No. 24). Thus the ratio of cost is 7 to 1. This disparity is as enduring as the mountains which give rise to it. It may be argued, however, that the addition of municipal expenditure to provincial expenditure would vary the results to the prejudice of British Columbia. There is difficulty in obtaining municipal statistics for all the Provinces. In Ontario and British Columbia, however, there are complete statistics which are available for comparison. It is pointed out, too, that when Ontario went into Confederation it was largely municipalised, and that all previous liabilities for public works were assumed by Canada as a whole. Adding Ontario and British Columbia's municipal expenditure per head for 1901 (as a convenient year), for roads, streets and bridges to the foregoing provincial average per head for five years, we have :—

	British Columbia.	Ontario.
Provincial expenditure for roads per head per year for five years.	\$2 91	\$0 06⅓
Municipal expenditure for roads per head for 1901.	1 58	1 63
Total.	\$4 49	\$1 69⅓

Showing an annual sum of \$2.79⅓ per head, or a sum of \$466,425 to place British Columbia on an equal footing with Ontario with respect to the item of provincial and municipal expenditure for this service alone.

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British Columbia's per capita expenditure for civil government, arising out of the services of the government required in widely scattered communities, is over nine times that of the average of the other provinces, as the following table shows:—

ANNUAL EXPENDITURE PER HEAD FOR CIVIL GOVERNMENT.

Provinces.	1898.	1899.	1900.	1901.	1902.	Average.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
British Columbia	0 87	0 82	1 01	1 28	1 31	1 06
Quebec	0 17½	0 17	0 17½	0 16½	0 16	0 16⅔
Manitoba	0 19	0 15½	0 13	0 15	0 15	0 15½
Ontario	0 11½	0 11½	0 12	0 13	0 13	0 12
New Brunswick	0 08	0 09	0 09	0 09	0 09	0 08½
Prince Edward Island	0 06	0 05	0 05½	0 06	0 07	0 06
Nova Scotia	0 05	0 04½	0 04½	0 04½	0 04½	0 04

Another service that is peculiarly affected by the conditions referred to is that of the administration of justice, which is four times that of the average per capita cost in the other provinces as compared by the subjoined table:—

ANNUAL EXPENDITURE PER HEAD FOR ADMINISTRATION OF JUSTICE.

Provinces.	1898.	1899.	1900.	1901.	1902.	Average.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
British Columbia	1 11	1 15	0 69	0 59	0 61	0 83
Quebec	0 32½	0 31	0 32	0 30	0 37	0 32½
Ontario	0 20	0 19	0 19½	0 19	0 19½	0 19½
Prince Edward Island	0 16	0 14½	0 16	0 17	0 20	0 16⅔
Manitoba	0 11	0 13	0 10½	0 12	0 14	0 12
New Brunswick	0 06	0 04½	0 05½	0 05	0 06	0 06¼
Nova Scotia	0 03	0 03	0 03	0 03	0 03	0 03

For hospitals and charities the per capita expenditure is five times the average of the other provinces, as the following table indicates:—

ANNUAL EXPENDITURE PER HEAD FOR HOSPITALS AND CHARITIES.

Provinces.	1898.	1899.	1900.	1901.	1902.	Average.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
British Columbia	0 32	0 36	0 31	0 46	0 45	0 38
Nova Scotia	0 13½	0 13	0 13	0 12½	0 16½	0 13⅔
Ontario	0 09	0 09	0 09	0 09	0 10	0 09
Manitoba	0 07	0 06½	0 07	0 11	0 07	0 07⅔
Prince Edward Island	0 06½	0 06½	0 07½	0 07	0 07	0 06⅔
New Brunswick	0 02	0 02	0 02	0 02	0 02½	0 02

Taking together these four services, it is found that the cost to British Columbia per head of the population is over nine times that of the average of all the other provinces, as the following table shows:—

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AVERAGE EXPENDITURE PER HEAD FOR FIVE YEARS, 1898 TO 1902.

Provinces.	Roads, &c.	Civil Government.	Justice.	Hospital, &c.	Total.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
British Columbia.....	2 91	1 06	0 83	0 38	5 18
New Brunswick.....	0 61	0 08 ¹ / ₂	0 06 ¹ / ₂	0 02	0 78
Prince Edward Island.....	0 38 ¹ / ₂	0 06	0 16 ⁷ / ₁₀	0 06 ⁹ / ₁₀	0 68 ¹ / ₁₀
Quebec.....	0 08 ⁴ / ₅	0 16 ⁹ / ₁₀	0 32 ¹ / ₂	0 02 ² / ₅	0 60 ³ / ₁₀
Manitoba.....	0 19 ³ / ₁₀	0 15 ¹ / ₂	0 12	0 07 ⁷ / ₁₀	0 54 ¹ / ₂
Ontario.....	0 06 ³ / ₁₀	0 12 ¹ / ₅	0 19 ¹ / ₅	0 09 ¹ / ₅	0 47 ¹ / ₁₀
Nova Scotia.....	0 20 ⁷ / ₁₀	0 04 ³ / ₅	0 03	0 13 ⁷ / ₁₀	0 42
Average.....					0 69 ³ / ₁₀
Average of all the provinces other than British Columbia.....					0 53 ⁹ / ₁₀

Taking the total per capita expenditure for all the provinces for all services for the five years, 1898-1902, it will be found from the table below that British Columbia is nearly five times that of the average of all the other provinces, and that the difference between British Columbia's annual per capita expenditure of \$12.61 and that of all the provinces (including British Columbia) of \$2.66 is the yearly sum of \$9.95 per head of the population, or requiring the yearly sum of \$1,706,222 to place it on all fours with the rest of the provinces.

TOTAL EXPENDITURE FOR ALL SERVICES IN ALL PROVINCES FOR FIVE YEARS.

Provinces.	Average population for 5 years.	Total expenditure for 5 years.	Amount per head per year.
		\$	\$ cts.
British Columbia.....	171,489	10,813,905	12 61
Manitoba.....	245,469	5,132,134	4 18
Prince Edward Island.....	103,687	1,526,494	2 94 ¹ / ₂
Quebec.....	1,636,454	22,057,010	2 69 ¹ / ₂
New Brunswick.....	330,377	4,027,154	2 44
Nova Scotia.....	458,882	4,815,300	2 10
Ontario.....	2,177,751	19,969,942	1 37 ¹ / ₂
	5,124,109	68,341,939	2 66

Lastly, from the subjoined table of the total expenditures for all services of all the provinces for the 30 years, 1873-1902, it will be found that British Columbia's per capita expenditure is over five times the average of all the provinces, and that the excess of British Columbia's per capita annual expenditure over that of the average of all the provinces is \$9.54, or very little less than the excess for the five-year period, showing that the excess was constant throughout the whole period.

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TOTAL EXPENDITURE FOR ALL SERVICES IN ALL PROVINCES FOR THIRTY YEARS.

Provinces.	Average population for 30 years.	Total expenditure for 30 years.	Average per head per year.
		\$	\$ cts.
British Columbia	90,634	32,243,068	11 86
Manitoba	123,801	16,025,974	4 31
Prince Edward Island	104,062	9,179,906	2 94
Quebec	1,421,994	104,027,881	2 44
New Brunswick	314,802	20,381,060	2 16
Ontario	1,961,260	105,798,513	1 79
Nova Scotia	434,585	21,525,863	1 65
	4,451,138	309,182,264	2 32

The striking inequality in expenditures disclosed by a comparison between British Columbia and the other provinces, and the similarity, amounting almost to uniformity, shown to exist among the latter, point unmistakeably to some cause permanently operating in this province to account for the difference in results.

It is impossible, having in view all the facts, to escape the conclusion that this permanent cause is the vast area of mountainous surface in British Columbia, which enters as a controlling factor into every branch of provincial administration.

The second cause which operates disadvantageously towards British Columbia is its position in relation to other provinces and other countries, which adds, as additional imposts, long-distance freights to the first cost of articles imported for use and for local manufactures; and also minimises to an unusual degree the advantages to be derived from inter-provincial trade, which was the commercial object of Confederation.

In regard to freights, the matter was dealt with in the report of the first delegation of 1903, as follows:—

‘In eastern Canada—in what we may call old Canada—the cost to the consumer, conveyed from points of entry like Montreal, Toronto, Halifax and other cities, varies, from the nearest points to the most distant, from 12½ cents per 100 lbs. to 50 cents. It may, in exceptional cases, reach 75 cents. The official through rate from eastern distributing or terminal points to western terminals varies, according to the classification of goods, from \$2 to \$3.25 per 100 lbs. What are known as commodity rates, to meet competition from New York to San Francisco and other coast points, are, however, lower than that. In addition to that, while the consumer in the east only pays one local rate, the people of the interior not only pay the through rate to the coast, but the local rate back again, which, in some cases, equals the through rate.’

In regard to inter-provincial trade, it has been set out by Mr. George Johnson, Statistician for the Dominion, in this way:—

Trade of the two central provinces with the other provinces,	\$150,000,000
“ “ with each other.. . . .	115,000,000
“ three maritime provinces with each other.. . . .	30,000,000
“ western provinces and territories with each other.. . . .	20,000,000
Total.. . . .	\$315,000,000

Or say, \$60 per head.

The products of British Columbia, which are exported to other provinces, though extremely limited, consist chiefly of lumber, shingles, fish and fruit, and of goods to

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the Yukon. From the latest available statistics these are estimated in value at \$3,000,000, or 1 per cent of the whole inter-provincial trade of Canada. Thus, this province having 3 per cent of the whole population, pays 8 per cent of the price of confederation, and gets in return 1 per cent of its trade benefits.

The third head under which our disadvantages in confederation are compared with the other provinces is the non-industrial character of the population, which arises out of conditions unfavourable to manufacturing as developed in Eastern Canada. The special products of British Columbia—mineral, fish and lumber,—are not the raw materials which enter into the manufacture of dutiable goods most largely consumed in the province. This condition accounts for the larger percentage of goods imported, which increases the contributions to the federal treasury so disproportionately. An analysis of the census returns of 1901 show to what unusual extent the population of British Columbia is employed in mining, lumbering and fishing, and relatively to what limited degree it is engaged in agricultural pursuits and manufactory, with corresponding results in the nature of their respective products.

And, lastly, as a consequence of the limited market for special products of British Columbia in the east from which its people buy so extensively, a market has to be found for these in Great Britain and foreign lands, where they come in competition with the cheap labour products of the world. Adopting the language of a former memorial: 'We have had to pay long distance freights on both what we bought and sold; we have been obliged to reverse the order of successful business principles and buy in the dearest market and sell in the cheapest.' Under this handicap have our present industries been created, and in regard to others, such as the manufacture of iron and steel and of pulp and paper, the natural conditions for which are so favourable, and whose development is nationally so important, the securing of profitable markets so far from the centres of population is by far the most serious of the problems to solve in their undertaking.

The foregoing are the grounds, mainly, upon which the Government of British Columbia appeal for special consideration to the Dominion authorities, in connection with the proposed re-adjustment of financial relations as between the provinces and the Dominion.

They indicate in themselves the nature of the relief sought as compensation for a combination of disadvantageous conditions, incident to physical characteristics and geographical situation.

The first render it impossible for the provincial administration to carry on its ordinary expenditures necessary under the Terms of Union and provide for the further adequate development of an immense area still largely unpeopled. In an experience of thirty-three years the province has but once in its history produced a surplus of revenue over expenditure, and has in the same time accumulated deficits amounting to about \$10,000,000, during which its financial requirements have been insufficiently met even by the aid of loans.

The second has resulted in the excessive contribution of \$17,000,000 to the Federal treasury for which no benefits have been received, and placed the province at a serious disadvantages in respect to its share of inter-provincial trade, foreign commerce and the development of native industries.

The government in 1903, in asking for a commission of inquiry of the character suggested, deemed it to be an eminently fair proposition, inasmuch as it would put the burden of proof on the province itself, place the consideration of the questions involved beyond the sphere of political influence, and guarantee the fullest and most impartial investigation.

In the event of a settlement, satisfactory to both, not being possible by a friendly conference between the governments, the Government of British Columbia still adhere to the proposal for a commission as an alternative. It is submitted that in no other way can so complete and unbiased an examination of those claims be made as by reference to an independent tribunal. If by such reference the contentions of the province

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be sustained, the duty of the Dominion government will be obvious: if the report be unfavourable to those contentions, then the subject will be forever removed from the arena of controversy.

No. 1.

(Note to foregoing Tables of Revenue and Expenditures.)

It will be observed that by the method adopted in extracting the contributions by the province to the Dominion, and the expenditures by the Dominion in and on account of the province, from the Auditor General's Report, there has been no effort made to distinguish expenditures charged to 'capital' and 'income' respectively, which, in some instances, would materially reduce the sum to be charged to the province in a single year, as the account would take cognizance of interest only. To adopt a strictly accountant system, although materially reducing the amount chargeable to the province each year, would greatly involve the process of arriving at a final result.

It will also be observed that the statement is *more* than fair to the Dominion, inasmuch as the expenditure includes such large items as quarantine, fishery protective service, maintenance and construction of lighthouses, defences of Esquimalt, and militia, which, strictly speaking, are matters of national benefit, and are in no sense local or provincial, any more than similar services on the Atlantic coast would in a similar statement be charged to Nova Scotia or New Brunswick. They are, however, incidentally of local benefit and are included.

In addition to that the cost of the Indians is included in 'expenditure,' although the province has no moral or legal responsibility in that connection. It is to be borne in mind, too, that the province gave to the Dominion for the use of the Indians over 525,000 acres, which being in every instance the best land available is worth at the lowest estimate \$10 an acre at the present time, for reserves. Of course, in the case of the total dying out of the Indians the reserves will revert to the province.

To absolutely adjust such an account equitably would require the services of a commission, as the proportionate cost of government and a great many other things would have to be taken into consideration; but in a general way the results are given in the tabulated statements hereto attached.

	1872-3.	1874.	1875.	1876.	1877	1878.	1879.	1880.	1881.	1882.	1883.	1884.
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Customs.....	660,302	337,970	415,317	490,226	406,731	428,239	517,592	452,508	601,622	685,106	911,267	886,884
Chinese Immigration.....												
INLAND REVENUE—												
Excise.....	7,181	10,657	11,226	14,957	20,300	25,000	32,095	35,225	46,448	57,055	68,156	57,967
Weights and Measures.....						1,132	1,092	1,092	2,259	1,231	1,065	1,004
Gas Inspection.....						179						
Electric Light Inspection.....												
Methylated Spirits.....												
Sundries.....												
Post Offices.....	14,704	9,748	11,545	14,157	17,882	20,805	20,517	19,914	24,691	25,682	33,408	39,918
PUBLIC WORKS—												
Telegraphs.....		10,121	9,489	9,257	7,326	8,531	5,180	8,078	8,641	8,500	8,500	8,500
Esquimalt Graving Dock.....												
Casual.....												
Experimental Farm.....	39,043							51	109	20	39	141
Penitentiary, etc.....												
MARINE AND FISHERIES												
Sick Mariners' Fund.....	502	975	1,533	2,350	1,879	2,612	2,866	2,843	2,250	3,083	3,109	3,355
Steamboat Inspection.....	236	66	600	406	450	342	621	461	606	682	588	873
Examination of Masters and Mates												
Casual and Harbours.....	252	12,449	3,085	12,440				10		672	792	128
Fisheries.....												
Superannuation.....												
Dominion Lands and Timber.....												
Vancouver Assay Office.....												
Miscellaneous.....	27,229	4,613	8,690	5,550	6,111	8,125	21,230	10,091	6,150	6,150	52,422	4,654
Public Debt.....												
	749,449	386,599	461,485	549,403	460,679	494,965	601,193	530,273	692,776	788,181	1,079,346	1,013,424

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STATEMENT OF REVENUE CONTRIBUTED BY BRITISH COLUMBIA TO THE DOMINION—Con.

	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.
Customs.....	969,296	883,888	887,376	859,453	976,504	1,084,657	1,359,269	1,412,162	1,219,598	1,193,528	1,057,732
Chinese Immigration.....	.....	11,693	6,350	15,532	40,353	55,319	107,472	165,853	111,227	105,022	69,575
INLAND REVENUE—											
Excise.....	62,643	87,073	93,046	87,530	110,709	138,041	152,891	237,043	247,584	242,000	251,785
Weights and Measures.....	1,564	1,224	1,852	1,517	1,051	295	339	312	377	478	343
Gas Inspection.....	1,075	830	757	816	850	90	80	54	269	728	685
Electric Light Inspection.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Methylated Spirits.....	.....	.....	.....	.....	.....	.....	.....	55	155	.....	40
Sundries.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	690
Post Offices.....	17,859	51,027	62,791	75,597	65,407	79,336	115,051	127,635	136,748	148,681	140,126
PUBLIC WORKS—											
Telegraphs.....	8,500	8,500	.....	5,337	14,812	13,566	29,467	18,416	23,204	961	907
Esquimalt Graving Dock.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	10,787	6,338
Casual.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Experimental Farm.....	.....	.....	2,156	715	195	17	79	67	450	409	457
Penitentiary, etc.....	1,041	1,089	.....	.....	.....	653	489	472	639	607	357
MARINE AND FISHERIES—											
Sick Mariners' Fund.....	3,098	2,808	3,851	4,890	5,278	4,747	6,150	6,451	7,130	7,216	6,792
Steamboat Inspection.....	1,191	928	941	936	1,125	1,647	1,738	1,946	2,166	2,358	2,128
Examination of Masters and Mates.....	.....	.....	.....	.....	.....	69	127	131	189	117	418
Casual and Harbours.....	.....	.....	12,600	.....	.....	.....	.....	563	2,953	.....	.....
Fisheries.....	366	923	944	6,935	6,416	11,368	12,914	8,192	40,264	25,338	23,517
Superannuation.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Dominion Lands and Timber.....	.....	.....	.....	36,151	37,424	64,508	60,225	71,232	71,798	49,927	36,772
Vancouver Assay Office.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Miscellaneous.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Public Debt.....	22,162	15,000	15,633	15,695	15,157	14,628	15,040	15,604	16,049	.....	.....
	1,118,795	1,064,983	1,088,597	1,111,107	1,275,881	1,468,941	1,861,331	2,066,188	1,880,800	1,788,160	1,598,682

STATEMENT OF REVENUE CONTRIBUTED BY BRITISH COLUMBIA TO THE DOMINION-- *Con.*

	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	Total, 34 years.
Customs.....	1,399,017	1,544,753	2,295,364	2,092,472	2,321,515	2,329,479	2,314,619	2,400,636	2,717,789	2,788,175	40,910,066
Chinese Immigration.....	88,800	121,619	107,852	215,010	195,102	162,050	346,600	517,700	450,000	.....	2,893,126
INLAND REVENUE											
Excise.....	294,172	327,000	420,510	512,223	507,493	480,398	471,233	472,842	505,206	500,222	6,587,911
Weights and Measures...	385	437	577	475	792	395	832	893	1,020	1,200	25,833
Gas Inspection.....	409	362	478	445	545	562	545	574	571	663	11,567
Electric Light Inspection...	.....	.....	752	780	1,221	1,342	1,591	2,091	2,824	3,436	14,077
Methylated Spirits.....	524	1,244	1,225	119	305	265	358	453	1,212	1,333	7,938
Sundries.....	.....	530	.....	.....	135	148	133	117	191	153	1,407
Post Offices.....	161,645	204,219	247,282	248,795	186,808	193,754	212,605	204,930	235,440	261,181	3,459,891
PUBLIC WORKS—											
Telegraphs.....	907	1,367	1,830	2,204	2,226	8,746	42,566	43,974	50,947	30,095	295,853
Esquimalt Graving Dock...	10,222	7,515	62,228	10,316	6,660	12,348	14,502	13,669	9,881	4,633	273,901
Casual.....	.....	.....	.....	.....	4,664	4,150	5,549	4,165	3,792	3,877	26,197
Experimental Farm.....	589	530	1,101	675	1,622	616	1,691	791	1,041	1,972	12,107
Penitentiary, etc.....	869	863	771	1,482	1,684	1,562	1,384	1,838	1,801	1,794	62,164
MARINE AND FISHERIES—											
Sick Mariners' Fund.....	6,726	8,056	8,558	8,247	9,078	10,376	11,899	12,575	11,194	10,023	182,500
Steamboat Inspection.....	2,430	2,727	7,012	6,612	162	5,606	6,401	6,118	2,177	1,126	63,406
Examination of Masters and Mates...	475	719	.....	859	707	1,085	865	1,348	1,035	781	8,925
Casual and Harbours.....	52	.....	25	.....	1,808	1,571	864	1,636	3,775	7,995	62,068
Fisheries.....	26,411	39,888	47,865	45,802	53,195	52,960	41,179	43,016	56,904	47,436	593,495
Superannuation.....	.....	.....	.....	*42,763	2,237	2,483	1,320	1,352	1,393	1,341	52,889
Dominion Lands and Timber...	35,000	26,806	33,853	42,202	31,161	22,439	75,627	60,430	57,463	47,461	860,482
Vancouver Assay Office.....	.....	.....	.....	.....	80	.....	100	1,411	1,322	1,481	4,214
Miscellaneous.....	.....	.....	.....	.....	.....	.....	.....	69	38	129	541
Public Debt.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	315,983
	2,028,633	2,288,635	3,237,283	3,231,481	3,329,200	3,292,460	3,552,463	3,792,628	4,117,016	3,717,507	56,717,544

* To date.

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EXPENDITURE BY THE DOMINION ON ACCOUNT OF THE PROVINCE OF BRITISH COLUMBIA.

	1872-73.	1874.	1875.	1876.	1877.	1878.	1879.	1880.	1881.	1882.	1883.	1884.
Public Debt	166,620	105,209	105,003	105,120	110,912	116,543	130,427	121,180	121,604	118,030	516,986	57,188
Charges of Management . .		10,671	10,425	7,528	10,414	9,761	8,875	8,515	6,960	7,208	10,073	8,046
Lieutenant-Governor . . .		9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Administration of Justice, Judges, &c. .	67,197	42,717	30,592	40,528	37,566	32,525	35,604	32,852	32,232	24,750	27,353	28,160
Penitentiary		15,861	8,036	8,548	7,117	29,336	26,333	15,196	16,162	15,970	19,848	28,207
Experimental Farm												445
Quarantine	5,000	5,200	500									920
Immigration												
Pensions, &c.	520	3,219	9,517	6,810	5,873	5,011	6,241	5,615	7,474	7,827	5,274	7,009
Militia												
PUBLIC WORKS												
Buildings	92,415	16,888	27,543	92,949	48,782	3,015	816	13,078	15,483	13,839	26,902	33,967
Harbours and Rivers . . .	101,156			17,732	1,000	5,122	710	10,610	1,934	3,284	3,070	18,203
Dredging		8,736	22,607	37,329	567			15,758	7,545	2,114	10,497	37,951
Telegraphs		29,021	16,818	37,329	31,109	34,161	48,518	35,578	40,357	38,646	30,516	37,190
Agency		2,530	2,577	2,502	2,063	2,688	2,496	2,819	2,595	2,196	2,811	2,750
Mad Subsidy		54,000	54,000	54,000	53,883	54,000	54,000	54,000	29,270	17,640	17,610	17,640
MAINE AND FISHERIES . . .												
Dominion Steamers		10,556	41,797	19,157	16,096	12,701	8,460	9,735	9,040	8,455	25,484	16,432
Light House	28,378	32,708	27,228	28,186	17,433	14,456	15,153	15,577	25,999	17,804	17,349	18,086
Meteorological												
Marine Hospital		1,231	3,882	3,408	3,093	3,837	4,167	3,007	3,053	3,162	3,906	3,969
Steamboat Inspection . . .			336	1,175		1,085		930		175	341	
Miscellaneous												
Fishery												
Protection												
Hatcheries												
Factories												
Salmon	306,000	29,000	25,000	25,000	25,000	57,200	45,532	41,561	42,318	43,000	43,732	45,891
Distillery		330,294	225,050	218,247	208,217	208,094	208,094	208,086	208,019	207,366	207,996	207,996
Distillery Land												
Customs	11,512	19,634	19,056	23,323	23,094	21,365	22,308	21,168	21,884	22,503	22,546	25,489
Excise												
Excise Revenue												
Licence	1,286	6,137	5,318	6,208	5,683	5,805	5,766	5,664	5,523	5,720	5,708	6,160
Wood and Coal Measure . .							411	165	707	594	419	543
Charity							150	165	120	175	150	151
Charity Discharge												
Port Office	99,768	68,687	70,056	60,378	63,049	60,230	69,777	47,979	63,411	61,028	64,206	76,268
Office Transport												
Deacons Equipment												
Colony Transported to												
Prisoners of War												
Medical	192,803			1,027		370			1,344			
Non-Commissioned												
Waller												
	1,120,691	831,302	744,341	768,185	683,586	686,997	704,262	679,638	677,226	632,085	1,075,907	689,893

EXPENDITURE BY THE DOMINION ON ACCOUNT OF THE PROVINCE OF BRITISH COLUMBIA—Con.

	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.
Public Debt.....	\$ 47,858	\$ 39,817	\$ 49,454	\$ 46,539	\$ 79,034	\$ 43,265	\$ 44,055	\$ 44,172	\$ 44,890	\$ 38,008	\$
Charges of Management..	7,930	8,062	8,618	9,166	6,801	5,210	3,854	4,114	3,792	7,219	3,696
Lieutenant-Governor...	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Administration of Justice, Judges, &c.	31,114	31,028	31,309	31,228	30,415	35,815	39,840	40,515	39,268	38,840	36,199
Penitentiary.....	27,746	32,894	34,606	33,000	35,190	41,736	37,840	36,712	42,548	43,650	43,358
Experimental Farm...	.....	.....	.....	.....	14,023	9,163	10,381	14,142	9,320	9,720	8,863
Quarantine.....	1,445	1,762	1,800	1,899	1,769	1,656	2,056	3,791	20,633	10,320	15,980
Immigration.....	1,000	1,000	1,200	1,463	5,650	5,854	7,061	4,733	770	.....	.....
Pensions, &c.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Militia.....	6,856	6,098	6,000	6,229	5,113	9,263	4,584	12,195	5,235	5,500	6,000
Public Works.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Buildings.....	36,792	17,035	35,978	24,225	13,903	38,090	49,128	39,334	111,790	135,771	35,678
Harbours and Rivers....	6,564	6,116	16,351	29,918	52,900	56,985	53,842	59,768	80,622	93,763	71,194
Dredging.....	20,095	17,457	15,000	17,994	14,711	14,413	19,401	23,374	18,000	53,144	21,848
Telegraphs.....	38,385	45,004	16,528	6,433	16,400	24,841	16,071	15,600	15,675	11,852	16,455
Agency.....	2,685	3,998	4,000	4,539	4,500	5,300	5,500	6,352	4,998	1,860	2,131
Mail Subsidy.....	17,640	17,640	17,640	13,230	14,700	19,707	17,640	17,640	17,640	17,640	5,000
MARINE AND FISHERIES	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Dominion Steamers.....	11,650	13,625	12,000	12,251	8,394	11,261	65,102	25,689	47,745	20,627	18,879
Light Houses.....	18,218	11,549	15,000	24,641	16,630	16,358	33,692	34,144	24,457	27,277	28,663
Meteorological.....	.....	.....	.....	.....	.....	100	1,514	1,325	1,500	1,500	1,500
Marine Hospital.....	2,905	3,144	3,450	3,479	3,853	3,123	3,423	3,570	2,018	3,913	4,872
Steamboat Inspection...	230	1,475	1,500	1,830	2,142	1,748	2,523	2,196	2,550	2,083	2,396
Miscellaneous.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Fisheries.....	1,437	1,879	3,500	3,632	4,334	3,634	4,321	6,158	5,491	5,283	6,219
Protection.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Hatcheries.....	11,873	5,406	5,500	5,654	4,933	4,203	3,340	2,897	3,631	3,273	2,869
Indians.....	51,989	48,284	61,831	66,834	82,923	102,074	88,056	90,022	106,883	107,082	101,536
Subsidies.....	212,151	212,151	212,151	212,151	212,151	212,151	212,151	242,242	242,242	243,585	242,689
Dominion Lands.....	14,455	13,440	10,340	10,350	10,340	10,195	9,488	10,983	10,500	10,500	9,750
Customs.....	30,733	30,320	32,382	42,422	42,821	42,827	49,389	51,808	56,143	60,734	62,228
ISLAND REVENUE	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Excise.....	5,857	7,031	7,082	7,646	7,463	6,378	6,606	11,823	13,252	14,374	14,578
Weights and Measures...	1,395	512	600	1,267	292	295	239	2,128	1,518	1,929	1,939
Gas and Electric Light...	366	210	250	413	181	90	80	495	536	641	902
Esquimalt Dry Dock.....	45,562	363,632	207,308	97,372	7,949	19,870	14,766	16,591	4,784	10,016	10,420
Post Office.....	85,965	109,287	149,669	165,851	174,658	161,785	177,160	147,967	150,000	170,000	202,308
Chinese Immigration.....	.....	.....	2,525	1,450	13,188	13,250	13,703	28,805	70,150	29,357	21,037
Defences, Esquimalt.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Chinese Immigration Inquiry...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bounty on Minerals.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Miscellaneous.....	900	.....	.....	.....	.....	.....	.....	1,415	.....	.....	.....
Vancouver Assay Office...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Railway Subsidies.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	750,796	1,058,856	972,605	892,112	896,364	929,640	1,005,809	1,011,730	1,167,581	1,188,461	1,008,187

EXPENDITURE BY THE DOMINION ON ACCOUNT OF THE PROVINCE OF BRITISH COLUMBIA—Con.

	1896.		1897.		1898.		1899.		1900.		1901.		1902.		1903.		1904.		1905.		Total, 34 years.	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Public Debt.....	3,700		3,767		3,764		3,862		3,782		1,238		1,357		1,546		1,449		4,576		2,251,914	
Charges of Management.....	9,000		9,000		9,000		9,000		9,000		9,000		9,000		9,000		9,000		9,000		208,012	
Lieutenant-Governor.....	37,552		43,896		43,322		43,578		49,130		42,513		49,138		50,208		55,774		52,615		288,000	
Administration of Justice, Judges, &c.	37,190		39,919		40,269		42,071		40,117		42,150		42,019		46,953		44,162		50,274		1,285,373	
Penitentiary.....	3,762		8,735		8,735		8,593		10,856		7,007		10,383		8,029		7,751		9,244		1,025,384	
Experimental Farm.....	8,017		18,390		18,391		17,529		22,879		31,978		45,798		31,478		25,686		27,740		158,704	
Quarantine.....																					311,442	
Immigration.....																					43,772	
Pensions, &c.	6,500		11,000		15,000		472,330		27,670		27,830		27,835		25,466		26,408		25,927		633,466	
Militia.....							15,442		21,272		35,594		35,689		29,524		28,390		53,584		395,897	
PUBLIC WORKS																						
Buildings.....	69,944		117,813		69,952		33,069		102,080		156,816		202,969		138,918		160,221		108,366		2,113,557	
Harbours and Rivers.....	27,368		25,530		117,720		93,946		70,787		94,754		69,468		69,718		138,626		136,639		1,515,546	
Dredging.....	10,777		21,000		30,258		31,688		16,299		95,894		96,475		39,682		40,805		64,078		811,025	
Telegraphs.....	3,556		10,056		12,607		17,305		20,935		65,337		49,540		31,374		124,637		183,407		1,151,241	
Agency.....	2,279		2,200		1,791		1,989		2,091		1,015		1,317		1,193		920		1,148		89,833	
Mail Subsidy.....	5,000		5,000		5,000		5,000		5,000		5,000		4,904		20,000		19,931		20,000		731,025	
MARINE AND FISHERIES																						
Domestic Steamers.....	29,480		22,972		23,000		20,065		23,350		25,132		29,961		26,826		28,068		64,919		718,912	
Lighthouse.....	21,770		34,143		31,718		12,530		39,029		34,343		45,357		42,668		48,048		109,345		960,930	
Lighthouse.....	1,500		1,500		2,000		2,876		4,235		4,593		4,355		4,590		4,812		6,380		44,280	
Meteorology, &c.	5,801		4,465		1,415		5,186		4,191		5,299		8,240		6,160		7,423		9,338		134,989	
Marine Hospital.....	3,234		2,887		2,900		3,611		4,040		5,040		4,900		4,382		5,510		4,705		65,954	
Steamboat Inspection.....																						
Miscellaneous.....	6,227		8,509		8,508		8,460		13,662		17,866		18,561		20,808		19,056		17,918		198,731	
Fisheries																						
Protection.....																						
Hatcheries.....	2,817		3,390		2,389		3,736		3,033		17,710		16,274		23,746		25,041		61,676		213,391	
Indian.....	91,542		92,310		112,936		109,796		114,878		119,443		129,709		138,516		157,596		148,849		2,526,326	
Subsidies.....	242,689		212,689		212,689		212,689		212,689		242,689		307,077		307,077		307,077		307,077		7,493,716	
Dominion Land.....	9,774		8,730		7,350		7,350		6,986		16,139		20,962		38,061		18,448		15,687		269,826	
Customs.....	65,219		66,770		78,196		93,216		99,555		106,956		104,531		110,743		136,930		136,030		1,753,863	
ISLAND REVENUE																						
Excise.....	15,522		16,242		18,293		18,793		20,901		20,806		22,269		22,896		23,390		26,762		372,942	
Weights and Measures.....	2,160		904		577		3,157		2,284		2,072		2,697		3,181		3,638		3,435		38,558	
Cars and Electric Light.....	900		884		478		1,025		772		912		1,140		926		868		866		13,846	
Esquimaux Dry Dock.....	12,359		10,770		11,746		11,957		13,262		11,831		13,278		15,179		12,855		12,937		924,440	
Post Office.....	196,263		235,489		225,000		227,781		197,036		211,575		220,765		206,953		220,710		160,936		4,598,995	
Chinese Immigration.....	25,137		21,150		30,600		51,130		49,628		164,365		88,608		260,970		228,193		2,870		1,126,146	
Police, &c. generally.....									12,989		128,140		119,058		113,341		109,987		115,964		599,479	
Cow Immigration Bepays.....											14,000		25,203								39,203	
Bounty on Minerals.....							76,665		43,185		29,865		17,531		1,380		195,627		330,615		680,367	
Miscellaneous.....			6,000		5,175		16,729		22,481		30,910		19,425		19,774		18,021		17,771		552,281	
Vancouver City Office.....															14,994		10,589		8,965		53,967	
Railway Subsidy.....																					1,204,549	
	960,038		1,106,110		1,183,779		1,744,187		1,320,417		1,848,847		1,909,913		1,929,222		2,288,354		2,359,709		38,037,382	

* To date. † Silver. ‡ Lead.

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No. 2.

(FROM REPORT OF DUNSMUIR DELEGATION, 1901.)

Since 1872, the revenue contributed by British Columbia to the Dominion up to July 1, 1901, will have amounted to, roundly, \$12,000,000. Taking the average of the population for the three census periods, 1871 to 1881; 1881 to 1891; and 1891 to 1901, at 81,000 and that of all Canada at 4,500,000 for the same periods—had the whole of the people of the latter contributed in the same ratio per capita, the revenue would have amounted to \$2,333,250,000 instead of \$886,360,000.

In other words, $\frac{1}{45}$ of the population has contributed about $\frac{1}{20}$ of the revenue of Canada in 30 years.

Conversely, if the contribution of British Columbia, for that period, had been on the same basis as the rest of Canada, it would have amounted to only \$15,957,000.

Taking the population at 5,250,000 and 125,000, respectively, the per capita contribution of all Canada in 1899 was \$8.93 per head, and that of British Columbia \$25.67 per head.

If the revenue from British Columbia had been in the same ratio as the rest of Canada, it would have amounted to only \$1,116,250, instead of \$3,194,808.

Taking the customs and excise alone, which amounted in 1899 to \$34,958,000 for the Dominion, and \$2,627,500 for the province, on the same basis of population, the per capita contributions are \$6.65 and \$21.02. Had the whole population of Canada contributed in the same ratio as British Columbia, the taxation derivable from inland revenue and customs would have been \$110,250,000, instead of \$34,958,000.

Conversely, if British Columbia had contributed in the same ratio as the rest of the Dominion, the revenue from British Columbia from these sources would have been only \$831,250.

In 1899, our provincial contributions to the Dominion treasury, from all sources, were \$3,208,788; and our share of all expenditure by the Dominion was \$1,334,618.

If the whole of Canada had contributed in the same ratio, the revenue of Canada for that year would have been \$134,767,000, instead of \$46,741,250.

No. 3.**COST OF ADMINISTRATION.**

(FROM REPORT OF PRIOR DELEGATION, 1903.)

In regard to No. 1, I have only to exhibit this map to illustrate what I mean by the physical character of the country increasing the cost of administration. The whole interior of the province of British Columbia is more or less mountainous, and the valleys or agricultural parts suitable for settlement are few and far apart. The settlements that have taken place through mining development are also widely distributed and found often in very inaccessible places. In fact, without going into a long description of conditions with which everybody who has been in the country is familiar, the cost of building roads to connect these various settlements, sometimes over mountain tops, or along their steep sides, through rock, &c., is very expensive; and in many instances the expensive means of communication which it is necessary to provide only serve a comparatively few people, from whom there is anything but adequate revenue to be derived.

It is necessary, too, to provide educational facilities, supply officials in various capacities, build public buildings; in short, supply all the facilities that would be necessary in a thickly settled community. This is not only true of the interior, but also of the coast, where the thickness of the forest, the denseness of undergrowth and great size of the trees make it still more expensive to clear and grade roadways.

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As you will see by this map, we have only begun to touch the rim of the province, and yet the government has, according to a statement prepared for me by the government engineer, who says it is well within the mark, built 6,000 miles of road, at a cost of \$12,000,000, and 5,000 miles of trails, at a cost of \$1,000,000, or \$13,000,000 in all. Now, to give the rest of the province still undeveloped a similar system of communication, will cost I do not know how many times more. Few of these roads can be considered as finished roads at that. They are, as a rule, nine or ten feet wide, simply graded roughly, and constantly being repaired and improved. There are also numerous bridges and culverts to be constructed, which are very expensive indeed. I am submitting the particulars of a few roads that have been built of late years, to give you an idea of the cost in different districts, as follows:—

MAIN WAGGON ROADS.

	Length.	Width.	Cost per Mile.
In East Kootenay...	20	9 feet.	\$1,000
Revelstoke...	4½	10	3,350
Slocan Riding	12½	9	1,600
Yale (West)...	4	10 to 12	4,544
" (East)	5½	12 to 14	1,700
Richmond (Coast).....	4	16 to 22	2,000
Rossland	6½	10	1,185
New Vancouver (Coast)	1 8	12 to 16	2,220
	9	10	1,510

All of these are still under construction.

The physical configuration of the country, therefore, greatly increases the cost of government. Population can never be concentrated or compact, and, as a consequence, the cost of the individual factor of population is proportionately very much greater than in the eastern provinces. The revenues, as a consequence, to be derived must be very much less in proportion to the area, or the individual must be taxed very much higher. One or both of these results invariably follow.

I have made a comparison of the cost of the various services in the different provinces under different heads, as nearly as they could be grouped from what appears in the public accounts, and the result is as follows, which is substantially correct, though subject to correction in some details:—

	B. C.	Man.	Ont.	Que.	N. B.	N. S.	P. E. I.
Population (in round figures)..	180,000	256,000	2,185,000	1,650,000	330,000	460,000	103,250
Administration of justice.....	\$ 1 20	\$0 52	\$0 20	\$0 33	\$0 055	\$0 16	\$0 16
Civil government.....	0 95		0 13	0 18	0 095		
Legislation	0 25	0 18	0 065	0 09	0 11	0 11	0 07
Public institutions.....	0 60		0 38	0 31	0 24	0 36	0 30
Public works	2 44	0 90	0 12	0 065	0 60	0 34	0 70
Education (1891).....	5 56	5 01	1 91	1 91	1 92	1 81	1 44
Total cost of administration.	11 62	4 00	1 85	2 70	2 40	2 04	3 00

There is still to take in the cost of municipal government. As it happens, there are only two provinces which compile municipal statistics, Ontario and British Columbia, but for our purposes Ontario may be taken as fairly representative of the others. The cost of municipal government, according to latest published returns of the Ontario Department of Statistics, is \$6 per head of the population. We have now the basis

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of a perfect comparison between British Columbia for the year 1901, in respect to the cost per head for governmental purposes, and it is as follows:—

	Ontario.	British Columbia.
Provincial..	\$ 1 85	\$12 60
Municipal..	6 00	1 75
Customs (average for Dominion)..	5 28	16 00
Excise..	2 00 (Included in Customs.)	
	<hr/>	<hr/>
	\$15 13	\$30 35

There are two important distinctions to make in the case of British Columbia, as compared with Ontario, and to some extent with the other provinces, and they are that, owing to the municipalisation in the east, a very large burden of responsibility is thrown upon the municipalities which in British Columbia is borne by the province ; and that, owing to the character of the population in British Columbia, which includes 45,000 Chinese, Japanese and Indians, who contribute to the general revenues in a very insignificant degree, the whole of the taxation falls on a population equivalent to about 50,000 *adult white male* population, or an amount of over \$100 per head for all purposes per annum. The above comparison is, therefore, greatly increased as against British Columbia, and exceeds, all round, the ratio of three to one. This is a condition of affairs arising out of our peculiar physical characteristics and geographical situation for which we claim special consideration.

To illustrate more clearly the effect of the physical configuration in the cost of administration, I have here a table showing the expenditures and receipts in three of our large outlying districts, covering a period of five years. The expenditures include the cost of salaries of officials in the districts, of education, hospitals and charities, works and buildings, roads, streets and bridges, surveys and miscellaneous, but *not* of the administration of justice, of legislation, the interest on public debt, the general expenses of civil government, and many other large items of expenditure which cannot be apportioned to districts. The revenues include all the revenues which arise out of the respective districts. The totals are:—

FOR FIVE YEARS, 1896-7 TO 1900-1.

	Expenditures.	Revenues.
Cassiar..	\$311,908 94	\$323,038 37
Cariboo..	340,007 85	307,832 04
Yale..	727,323 83	683,480 50
	<hr/>	<hr/>
	\$1,371,240 62	\$1,314,350 91

From the results shown in the above five years' experience, it will be seen how far short the ordinary revenue is of the ordinary expenditure in such large districts. The revenue includes all sources of money supply, while the expenditure only includes the appropriations within the districts.

As another illustration of how the financial situation works out in new districts. Last year there was a proposal to settle one hundred families in the fertile valley of the Bulkley river, south of Hazelton, on the Skeena river. The members of the colony, as inducements, asked that the government should assist them in taking in their families and effects, to give them 320 acres of land free for each family, to build a road from Hazelton to the settlement, 75 miles in length, and build schools, &c. Upon making an estimate, the initial cost for the first five years was as follows:—

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Road from Hazelton, 75 miles..	\$75,000 00
Two school-houses..	5,000 00
One government building	1,200 00
Cross-roads..	5,000 00
	<hr/> \$86,200 00

In addition to this, to be taken into account, were :—

The salary of two teachers..	\$ 1,800,00
The salary of one government official.. . . .	1,200 00
Or a total in five years of....	<hr/> 15,000 00

Grand total outlay in five years.. . . . \$101,200 00

The greatest possible revenue that could have been reaped in return would have been :—

Poll tax, at \$3 per head per annum on 300 male adults..	\$ 900 00
Land tax, on a valuation of the government price of land for purchase, at \$5 per acre..	<hr/> 1,200 00
	2,100 00
Or, in five years	10,500 00
At the end of five years, provided the land was pre-empted on the usual terms, the government would receive at \$1 per acre..	32,000 00
Or a total of...	42,500 00
As against an expenditure of over....	<hr/> 100,000 00

Of course, in five years there would have been others added to the population, and in all probability there would have been miscellaneous receipts under mining licenses, &c., but there would have been increased expenditure as well. This shows, in a practical way, what it costs to open up new districts in British Columbia. In other words, unless mining development accompanies settlement to increase the revenue, the ordinary settler, to use a homely expression, costs more than he comes to.

On the other hand, one hundred families settled there would have contributed at least \$2,500 per annum to the Dominion treasury, without the government practically assuming any responsibility in connection with them.

These are the practical problems which the local government have to face in British Columbia, and is one reason why we claim the local sources of revenue are not sufficient to meet the demands on the treasury as is, in fact, shown by the receipts and expenditures since confederation. I think I have shown you very clearly that we cannot administer the affairs of the province on a basis similar to that of the other provinces, or anything like a similar allowance for local expenditures.

No. 4.

EFFECT OF INCREASED POPULATION AND DEVELOPMENT.

The Hon. Mr. Parent, in presenting his case, remarked :

‘The development of the province has occasioned new expenditure.’

‘The larger part of this increase is due to various causes, which, notwithstanding all the care given to the management of public affairs, it has been impossible to control.’

‘ This increase in the population is inevitably a source of expenditure to the provincial government, and, although it is incumbent upon it to neglect no means of attracting to this province and keeping therein a large population, it is unfortunately true that the accomplishment of this duty occasions a constant diminution of its pecuniary resources.

‘ This increase in the population is directly responsible for the additional cost for the administration of justice, the maintenance of the educational system, the support of the prisons and asylums and the assistance given to educational and charitable institutions, &c.’

* * * * *

‘ On the other hand, the revenue of the federal government from \$13,687,928, which it was in 1868, increased to \$51,029,994 in 1900. From the figures above given, it will be seen that the customs and excise duties form a large portion of the revenues paid into the treasury of Canada in consequence of their surrender by the provinces.’

* * * * *

‘ In the majority of the provinces it has become impossible by taxation to cover the increased expenditure, and it appears to us that the only method of meeting all the public requirements is to have the views above expressed accepted by the federal government.’

* * * * *

‘ With the additional sums so placed at the disposal of the province, we could encourage education, agriculture and colonization, aid in the development of our natural resources and nascent industries, furnish, by practical instruction, the generations to come with the means of engaging in economic struggles of the future, and supervise with a more jealous care the observance of the laws which ensure the security of persons and property.

‘ This expenditure would directly benefit the Government of Canada, which would be more than repaid the sums handed over to us by additional customs and excise duties paid into the public treasury by increased population.’

* * * * *

Hon. G. W. Ross, Premier of Ontario, took practically the same view. In his memorandum submitted he pointed out:

‘ It is true that there is no compact that the subsidies should increase according to the revenues of the central government, although such a basis would be eminently fair, inasmuch as the moneys (customs and excise) from which the subsidy is paid by way of refund for maintenance of local governments, is collected from the people of the provinces, and, indeed, in some respects such a basis for the payment of subsidies would be fairer than payment on the basis of population, as being a refund in proportion to the amount collected.

‘ The present basis ignores the fact that while the increase of population lightens the burdens of the Dominion inasmuch as it multiplies the contributors to the revenue from customs and excise, the increase of population adds to the burdens of the provinces without any corresponding contribution towards their maintenance. For instance, the provinces, through the central government, are taxed for maintaining the Department of Emigration. This department justifies its existence by increasing population from foreign parts, and the government is recouped for this expenditure through the customs and excise departments. The province, however, that has to provide for the education of these emigrants, for the administration of justice so far as they are concerned, and for the maintenance of their indigent or insane, has no means of recouping itself because of this increased expenditure imposed on it through the Dominion except at its own expense. Surely this circumstance must have been overlooked or the subsidies would not have been rigidly based on a fixed population, as has been the case.’

* * * * *

Hon. G. W. Ross goes on to point out that the very expenditure made by the Dominion government in building railways, canals, &c., though it increases the popu-

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lation of Canada and the revenue of the Dominion, 'the provinces, so far as their administration of the responsibilities devolving upon them by the Act, receive no benefit whatever, but rather lose from this increase, as the charges by the Dominion government, which the people of the province have to meet in order to carry on these large undertakings, increase the difficulties of the provincial governments in meeting the charges which this increased population imposes upon them under the constitution.

'The provinces are, in this way, subjected to a double charge: (1) To find the means, through increased customs and excise charges, for public works undertaken by the Dominion; and (2) to provide for the maintenance of the population which naturally follows in their wake.'

No. 5.

BETTER TERMS ALLOWED TO PROVINCES.

Nova Scotia in 1868.

New Brunswick in 1873 was allowed \$150,000 per annum as compensation for loss of export duty on logs under the Treaty of Washington in 1871. Under the Terms of Union, New Brunswick was permitted to impose this duty, which had been in force since 1842. It has always been regarded, and really was, a very liberal settlement. It was arranged by Sir Leonard Tilley, one of the New Brunswick representatives on the Dominion government.

There was a general readjustment of terms in 1873, as the result of agitation in Ontario and Quebec against the payment of interest on 10½ millions, by which amount the actual debt of the old province of Canada exceeded its allowed debt of \$62,500,000 under the Union Act. The following sums were allowed to be assumed by the general government as liabilities on behalf of the provinces:—

Provincial debts at time of confederation.. . . .	\$ 77,500,000
Debts subsequently assumed or allowed:—	
Nova Scotia (better terms).. . . .	1,186,756
Old province of Canada.. . . .	10,506,089
Ontario.. . . .	2,848,289
Quebec.. . . .	2,549,214
Nova Scotia.. . . .	2,343,059
New Brunswick.. . . .	1,807,720
Manitoba.. . . .	3,775,606
British Columbia.. . . .	2,029,392
Prince Edward Island.. . . .	4,884,023
Total.. . . .	\$109,430,148

Prince Edward Island in 1901 was allowed \$35,000 per annum for failure to provide regular communication, winter and summer, between the island and mainland, as per terms of union. Communication at times is irregular, owing to hummocky ice in straits, which can never be overcome, except by tunnelling.

Nova Scotia in 1885, in which the government of Canada took over the extension line railway constructed by Nova Scotia and paid therefor \$1,324,042, purchased certain wharves, and extended the line to Sydney as a work of general benefit. This line was afterwards amalgamated with the Intercolonial system; and in 1901 when a sum of \$671,836 was placed in the estimates in connection with claims of that province (*see* Hansard Debates, page 5892).

New Brunswick in 1901 also received the sum of \$280,692 (*see* Hansard Debates, page 5941).

No. 6.

COST OF ROAD BUILDING IN BRITISH COLUMBIA.

STATEMENT SHOWING LENGTH, WIDTH, AND AVERAGE COST PER MILE OF CERTAIN
WAGGON ROADS.

East Kootenay, North Riding.

Toby Creek Waggon Road—

Length.. . . .	20 miles.
Width graded, averages.. . . .	9 feet.
Cost per mile (approximate).. . . .	\$1,000.

Revelstoke Riding.

Columbia River Waggon Road—

Length.. . . .	4½ miles.
Width graded, averages.. . . .	10 feet.
Cost per mile (approximate).. . . .	\$3,350.

Slocan Riding.

South Fork Kaslo Creek Waggon Road—

Length.. . . .	12½ miles.
Width graded, averages.. . . .	9 feet.
Cost per mile (approximate).. . . .	\$1,600.

Yale, West Riding.

Lillooet-Lytton Waggon Road—

Length.. . . .	4 miles.
Width graded, averages.. . . .	10 to 12 feet.
Cost per mile (approximate).. . . .	\$4,544.

Yale, East Riding.

Main Kettle River Road—

Length.. . . .	5¾ miles.
Width graded, averages.. . . .	12 to 14 feet.
Cost per mile (approximate).. . . .	\$1,700.

Richmond Riding.

Hastings-Barnet Road—

Length.. . . .	4 miles.
Width graded, averages.. . . .	16 feet.
Width between ditches.. . . .	22 feet.
Cost per mile (approximate).. . . .	\$2,000.

Rossland Riding.

Norway Mountain Waggon Road—

Length.. . . .	6¾ miles.
Width graded, averages.. . . .	10 feet.
Cost per mile (approximate).. . . .	\$1,185.

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Westminster District.

Reformatory Road (near Vancouver)—

Length..	1·8 miles.
Width graded, averages..	12 feet.
Width between ditches..	16 feet.
Cost per mile (approximate)..	\$2,220.

Chilliwack Riding.

Mount Baker Waggon Road—

Length..	9 miles.
Width graded, averages..	10 feet.
Cost per mile (approximate)..	\$1,510.

